

# Positioning the State as an Employer of Choice

Annual Meeting  
November 16, 2018

# Agenda

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- Introduction and Overview of State Workforce Statistics and Key Issues
- Review of 2017 JLARC Total Compensation Study
- Panelist Questions, Discussion
- Policy Options and Recommendations for the 2019 Session
- Questions

## Emily Elliott

### Director, Virginia Department of Human Resource Management



Emily Elliott is the Director for the Department of Human Resource Management, appointed by Governor Northam in August 2018. Emily has worked in state government for the past 26 years, having been in a variety of positions at the Virginia Department of Transportation in the field of Human Resources and Civil Rights. On a national level, Emily chaired the Human Resources Subcommittee for the American Association of State and Highway Transportation Officials and served as a founding steering committee member for the Southeast Transportation Workforce Center at the University of Memphis. Emily holds a Master's in Education and Human Development from the George Washington University and an undergraduate degree in Business Administration and Marketing. She is certified as a Human Resources Senior Professional.

## Jeff Lunardi

### Chief Legislative Analyst, JLARC



Jeff Lunardi is a Chief Legislative Analyst for the Joint Legislative Audit and Review Commission (JLARC). Jeff joined JLARC in 2014 and since then has led studies on many health policy topics, as well as employee compensation and workforce issues. Prior to joining JLARC, Jeff was a Presidential Management Fellow at the U.S. Department of Education.

## William L. "Bill" Murray

### Vice-President, State and Electric Public Policy, Dominion Energy



Bill manages the company's state and local affairs in Virginia, North Carolina, and New England. Murray joined Dominion in 2007 as Managing Director – Corporate Public Policy. He previously served as management analyst at the U.S. Department of Veterans Affairs; a senior staff member for the Virginia General Assembly, and held several positions in the offices of former Virginia Governors Mark Warner and Tim Kaine, including Deputy Policy Director, Policy Director, and Legislative Director.

He received his bachelor's degree in history from the University of Virginia, his master's degree and doctorate in public administration from Virginia Tech.

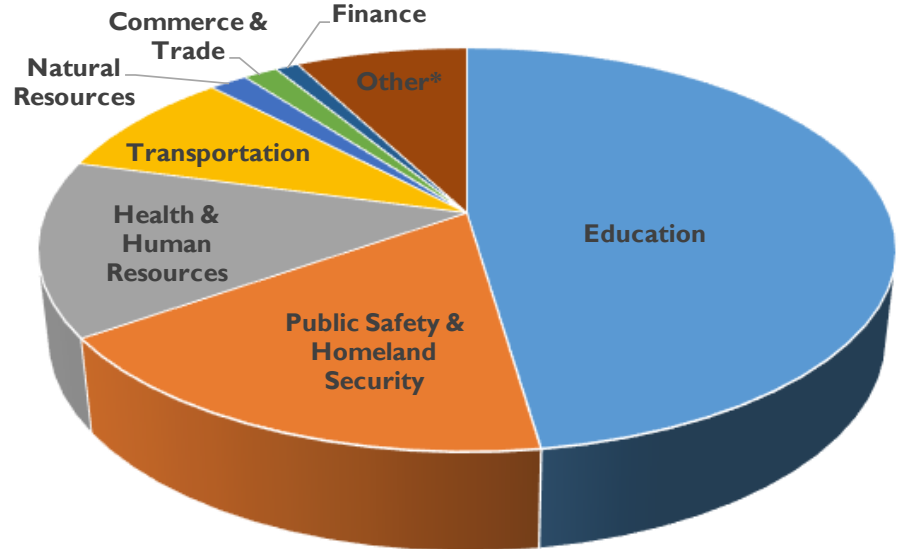
# Key Issues Facing Employers

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- **Attraction/Recruitment** – How to effectively market the Commonwealth as a desirable place to work to prospective employees.
- **Retention/Motivation** – What are ways to improve the retention rate of employees, particularly those with five or fewer years of service?
- **Succession Planning** – How to backfill growing number of vacated positions, particularly those of retirees with years of institutional knowledge.

# The State is a Large Employer

- The state is a large employer, with 104,678 full-time, salaried employees, and nearly 21,000 part-time workers.
  - **79% of all positions are Executive Branch, salaried positions (includes Higher Education).**
  - **4% of positions are salaried positions within the Legislative and Judicial branches, and Independent agencies.**



*\*Other includes – Administration (760); Veterans and Defense Affairs (659); Agriculture & Forestry (589); Executive Offices (452); Technology (263); Legislative (504); Judicial (3,284), and Independent (1,592).*

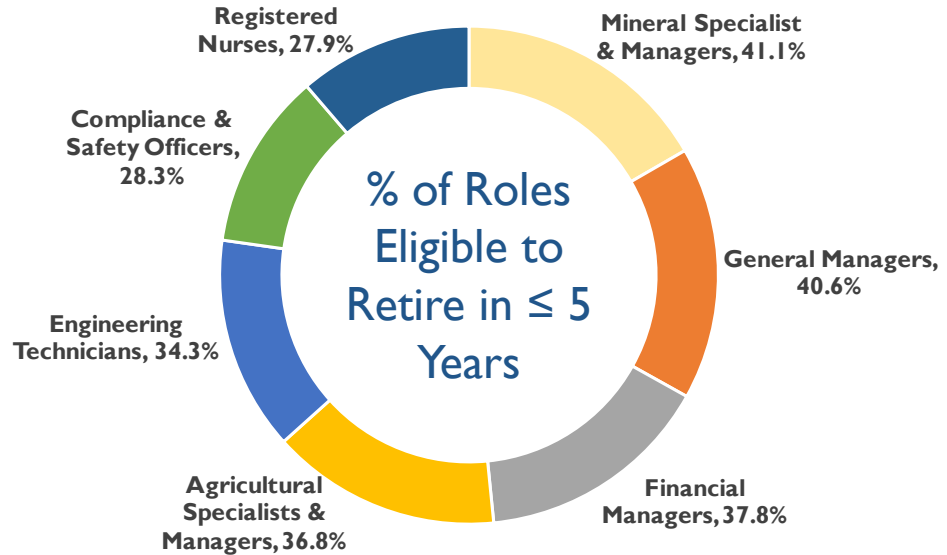
Data Source: DHRM, total salaried positions as of June 30, 2017.

# Workforce Attrition is a Concern

- The Commonwealth's workforce is aging, with 24% of the overall workforce eligible to retire within 5 years.

- For example:

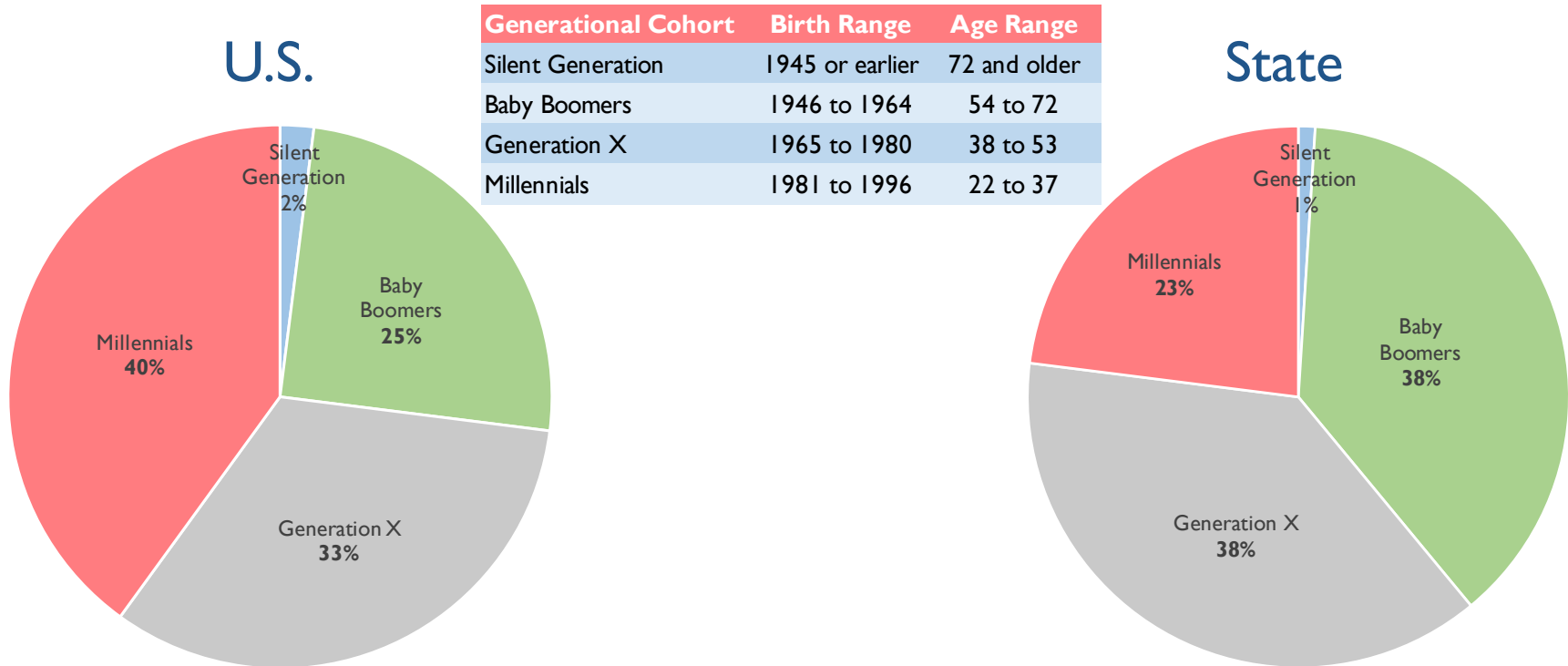
- **41% of General Managers**
- **38% of Financial Managers**
- **28% of Architects & Engineers**



- Overall turnover rate is around 15% among all employees, but 58% for employees with 5 or fewer years of service.
  - **Turnover among the ≤ 5 years of service group accounts for 75% of all separations.**

Source: DHRM reports as of June 30, 2017.

# The State's Workforce is Older than the U.S. Workforce



Source: Pew Research Center analysis of 1994-2017 Current Population Survey (IPUMS); glassdoor.com (survey 2016); SFC staff analysis of DHRM state workforce data.

# What do employees want? It depends...

## Baby Boomers



- Recognition, Promotion
- Benefits – Health and retirement
- Salary level

Age 54 to 72

## Generation X



Age 38 to 53

- Salary level
- Advancement within company
- Job security
- Benefits – Health and retirement
- Work-life balance

## Generation Y (Millennials)



Age 22 to 37

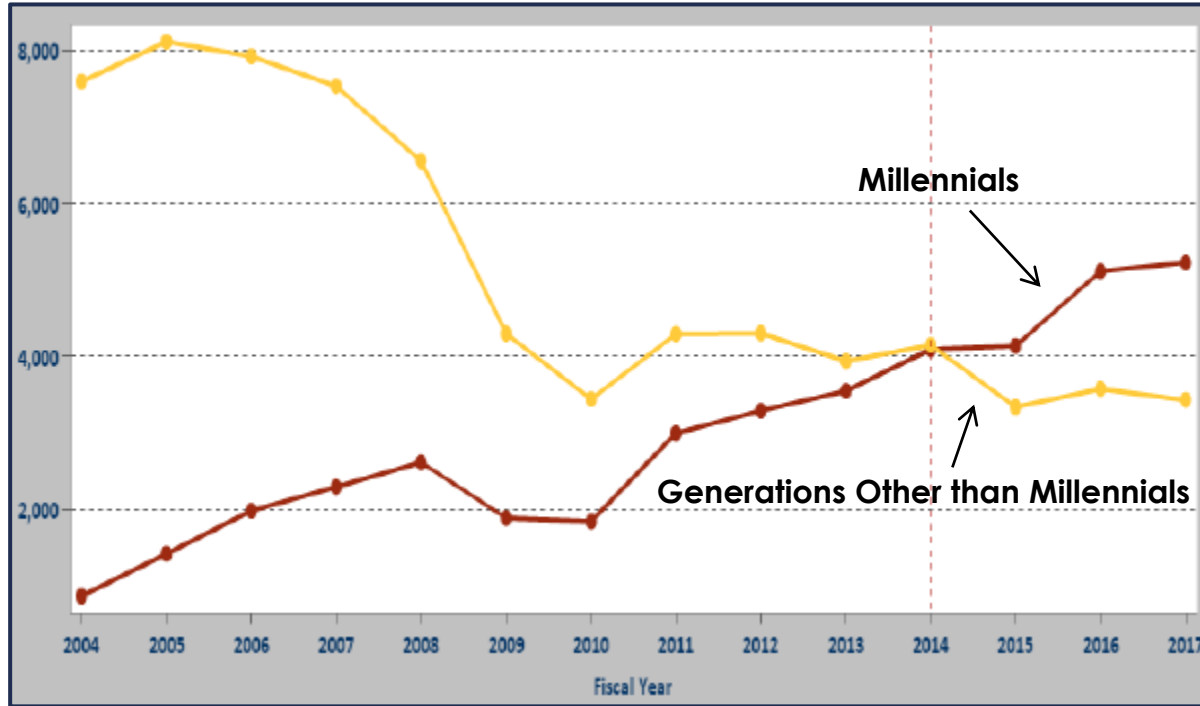
- Cash, non-cash compensation
- Workplace flexibility
- Professional development /Advancement
- Choice of benefits
- Workplace culture

1940 1950 1960 1970 1980 1990 2000 2010 2020

Data Source: Society for Human Resource Management (SHRM).



# Millennials Continue to Grow as a Share of the Workforce



Frequency of Original Appointments – Millennial vs. All Other Generations (all salaried in PMIS)

- Recruitment methods, overall employer branding, and value proposition\* will likely need to evolve to focus more on the Millennial Generation.

*\*Employee value proposition (EVP) is the total value an employee receives from the employer: compensation, benefits, career management, workplace/lifestyle and employee pride. (Mercer)*

Source: DHRM SAS visual analytics, all salaried in PMIS.

# Overview of 2017 JLARC Total Comp Study

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- A study of employee compensation directed by the Commission on Employee Retirement Security and Pension Reform.
- Focus was on how compensation impacts agency effort to build an effective workforce.

# JLARC Study Key Findings

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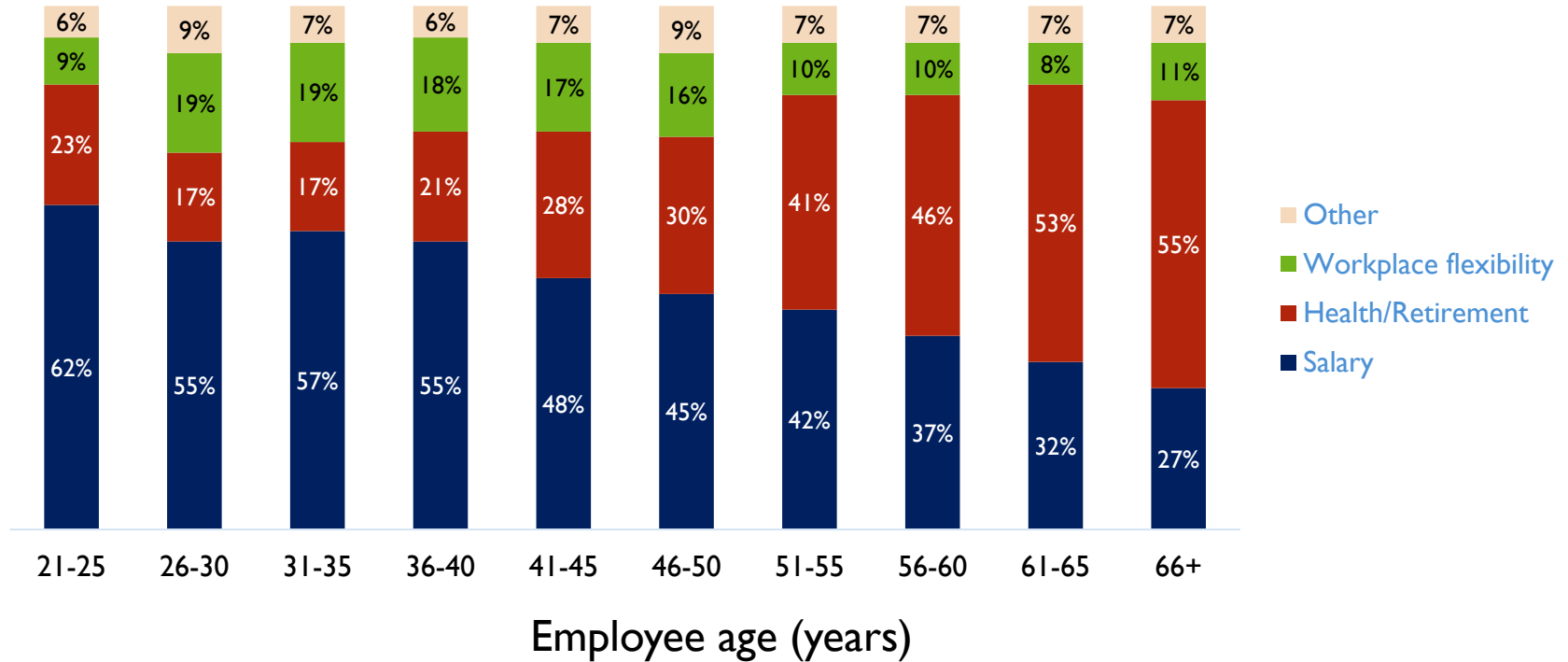
- Compensation, career advancement, and work environment are key to the State's value proposition.
- Total compensation is competitive, with attractive benefits and lower salaries.
- Consistent, targeted salary increases can help improve employee retention.

# JLARC Study Key Recommendations

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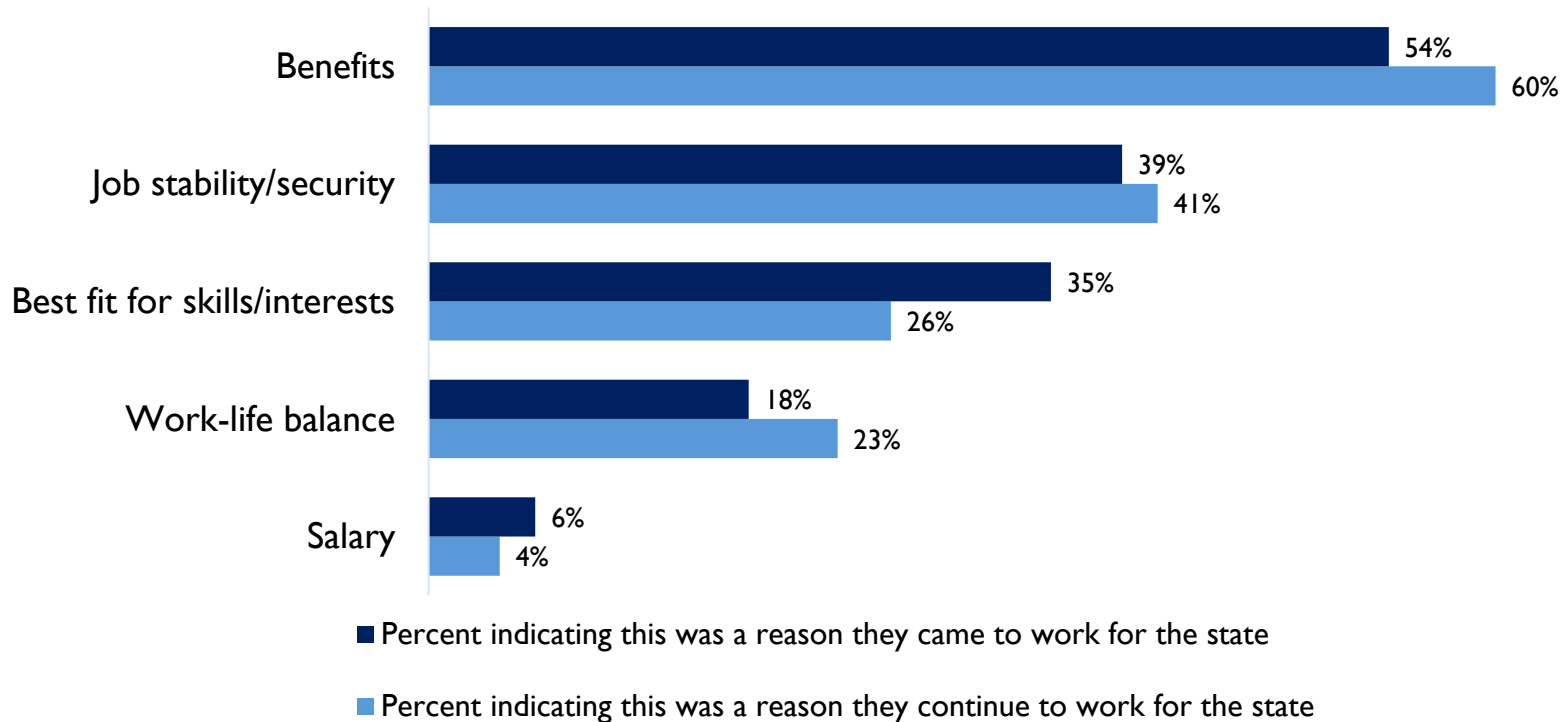
- Develop a methodology to effectively target salary increases and use it as part of the budget process.
- Develop career advancement programs in certain occupations to improve workforce development.

# Current State Employee Preferences



Source: JLARC survey of State employees, 2017.

# Elements of Value Proposition that Attract and Retain Employees



Source: JLARC survey of State employees, 2017.

# Employee Value Proposition (Questions)

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- Given the findings in the JLARC report, are there any changes to the employee value proposition that the Commonwealth might consider in the near term?

# Recent Compensation Actions

Session	Across the Board Salary Adjustments	Targeted Adjustments
2018	2.0% + 2.0% Merit Based <sup>(1)</sup>	Provided to Select Roles <sup>(2)</sup>
2017	3.00%	Provided to Select Roles <sup>(3)</sup>
2016	0.00%*	
2015	2.00%	Provided to Select Roles <sup>(4)</sup>
2014	0.00%	
2013	2.00%	State Police <sup>(5)</sup>
* Proposed increase canceled due to insufficient revenue.		
<sup>(1)</sup> For state employees with three or more years of continuous state service.		
<sup>(2)</sup> DBHDS, DOC, DJJ, Marine Police, Deputy Sheriffs.		
<sup>(3)</sup> Base adjustment for 9 high-turnover roles, and additional \$6,793/per sworn officer to State Police.		
<sup>(4)</sup> Base adjustment for 17 high-turnover roles, and compression funding for State Police.		
<sup>(5)</sup> Adjustment for salary compression at \$70 per year of service for sworn officers, capped at 30 years.		

- Effective July 1, 2019, State Employees receive a 2% base salary adjustment, plus a 2% merit-based adjustment for those with three or more years of continuous service.

*Note: Additional information on targeted adjustments is available in the appendix.*

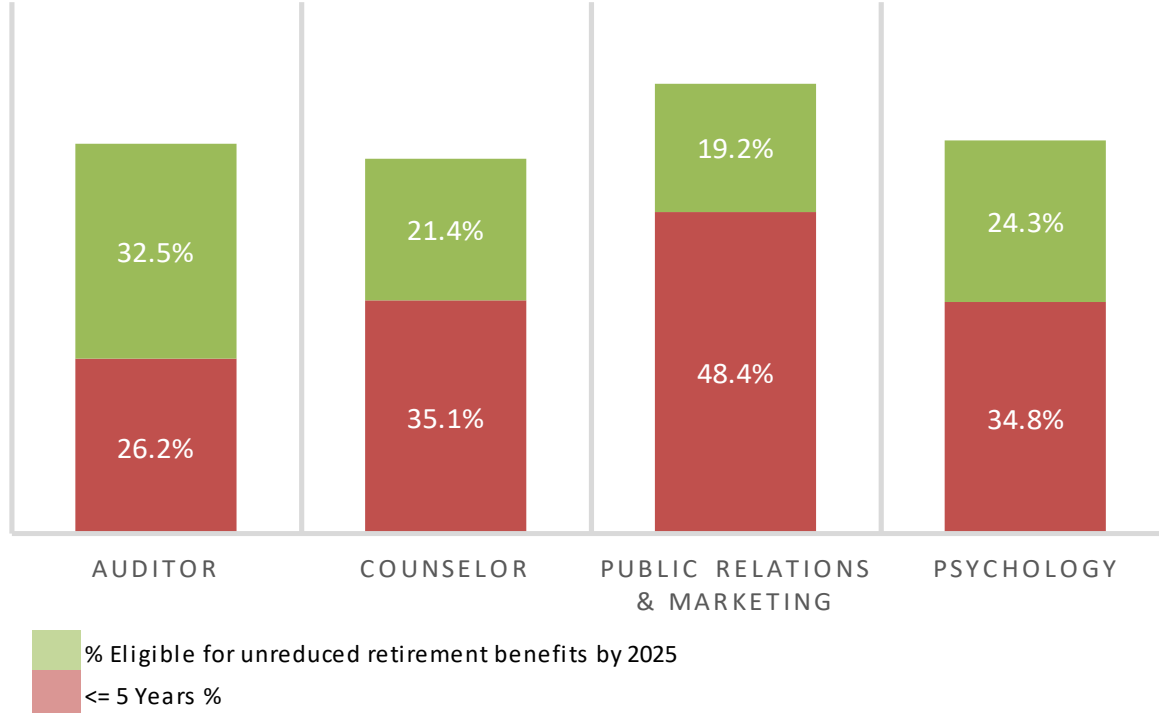


# Recruitment & Retention (Questions)

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- What strategies does your organization use to recruit, hire and retain talent, generally?
- What, if any targeted strategies does it use for specific employee groups?

# Specific Roles at Risk for High Levels of Attrition



- There are certain roles throughout the state workforce where 1/3 or more have  $\leq 5$  years of service, and up to 1/3 will soon be eligible for full retirement.
- For example, includes counselors and clinical psychologists in mental health and correctional facilities, TAX auditors, and marketing professionals in VDACS.

Source: Department of Human Resource Management, Years of Service % by Role, 09/01/2018.

# Succession Planning (Questions)

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- How should the Commonwealth manage the brain drain that will continue to occur as Baby Boomers move into retirement?
- What is the State currently doing to prepare younger and mid-career employees to backfill positions vacated by longer-tenured employees and step into leadership roles in their agencies over the next decade?
- What else can/should we be doing?

# Next Generation Priorities

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“It’s a different drive. When I came into state government, people were like, ‘Oh, state government – steady job, good benefits’. Now it’s: ‘State government – I really want to do something that’s meaningful.’”

State HR executive

Source: Pew Charitable Trusts, *State Human Resource Directors Seek to Address Workforce Challenges*, brief, February 2018.

# Statewide Mission, Workplace Culture and Employee Development (Questions)

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- How can the State differentiate itself as an employer, and leverage its inherent strengths\* to attract and retain employees?
- How can we best support that enthusiasm and facilitate the drive to do something meaningful?

\*Public service, mission driven, and appeal to sense of purpose.

# Policy Options for Consideration

Policy Option	Recruitment	Retention	Succession Planning
Provide centralized, routine agency workforce training. (2019)	✓	✓	✓
Develop more effective career ladder/ opportunity programs. (2019)		✓	✓
Develop targeted salary methodology and base funding need, use it as part of budget process. (2019)		✓	
Direct workgroup to define statewide mission/value/ “brand”, compile report, implement. (longer-term)	✓	✓	
Periodically review the state’s overall employee value proposition. (longer-term)	✓	✓	

# Appendix

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## Compensation Actions *(additional footnote information for targeted adjustments, slide 15)*

- (1) Two percent merit-based adjustment does not include higher education faculty, appointed officials and employees designated as university staff; judges and justices of the Judicial Department; and Officials whose salaries are listed in § 4-6.01 of Chapter 2, 2018 Acts of Assembly.
- (2) Targeted adjustments include:
  - DBHDS staff (incl. direct care associates, LPNs and RNs) to bring salaries within 3% of market median, effective January 10, 2019.
  - DOC and DJJ Corrections Officers – increases salaries of each group by \$2,016 and \$1,846, respectively, increasing the starting pay for correctional officers to \$32,500, effective January 10, 2019 (for Feb 1 paycheck).
  - Deputy Sheriffs – Increases the entry level salary for sheriffs' deputies to \$32,500, effective February 1, 2019.
  - Virginia Marine Police – Increases the starting salary for marine police to \$41,814, effective January 10, 2019, and an adjustment to raise pay by 5% to \$43,905 after one year of service. For existing officers with more than one year of service, salaries are adjusted to the greater of \$43,905, or their current salary adjusted for a 6.5% increase.
- (3) Targeted adjustments include:
  - Funding to increase the salaries of all sworn officers of the Department of State Police by \$6,793, increasing the starting pay of troopers from \$36,207 to \$43,000, effective July 10, 2017.
  - Additional two percent base salary adjustment, effective September 10, 2017, for nine high turnover occupations for the purposes of relieving compression and maintaining market relevance, including Director Service Associate I, II, and III; Housekeeping and/or Apparel Worker I; Registered Nurse I; Registered Nurse II/Nurse Practitioner I/Physician's Assistant; Licensed Practical Nurse; Therapy Assistant/Therapist I, and II.

# Appendix

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## Compensation Actions *(additional footnote information for targeted adjustments, slide 15)*

### (4) Targeted adjustments include:

- Compression funding for state employees of \$65 per year of service and \$80 per year of service for sworn law enforcement personnel.
- Additional two percent base salary adjustment, for 17 high-turnover job categories, effective August 10, 2015, including Law Enforcement Officer I; Direct Service Associate I, II, and III, Housekeeping and/or Apparel Worker I; Probation Officer Assistant; Emergency Coordinator I, and II; Registered Nurse I; Registered Nurse II/Nurse Practitioner I/Physician's Assistant; Licensed Practical Nurse; Therapy Assistant/Therapist I, and II; Compliance/Safety Officer II; District Court Deputy Clerk Grade 6, 7, and 8.
- Increases the base pay of entry level correctional and security officer in the positions by \$1,000, to address high turnover, effective August 10, 2015.
- Increases the base pay of entry level grade 7 deputy sheriffs and regional jail officers by 6.63 percent, effective September 1, 2015.
- Provides funding for a pay compression plan for State Police, effective August 10, 2015.

### (5) In addition to two percent base salary adjustment, employees with five or more years of continuous state service received \$65 per year of service, capped at 30 years.